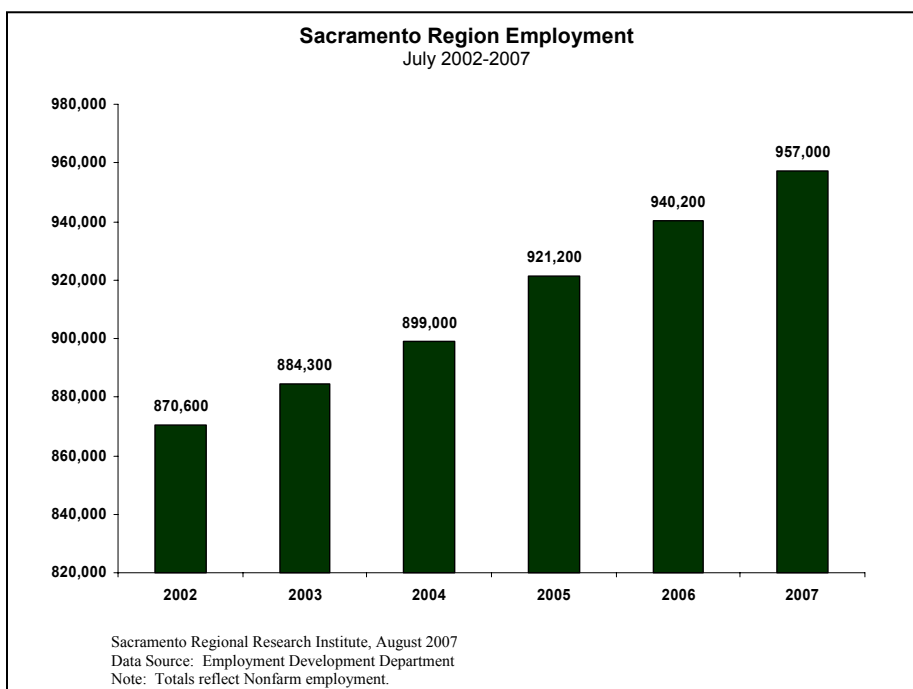
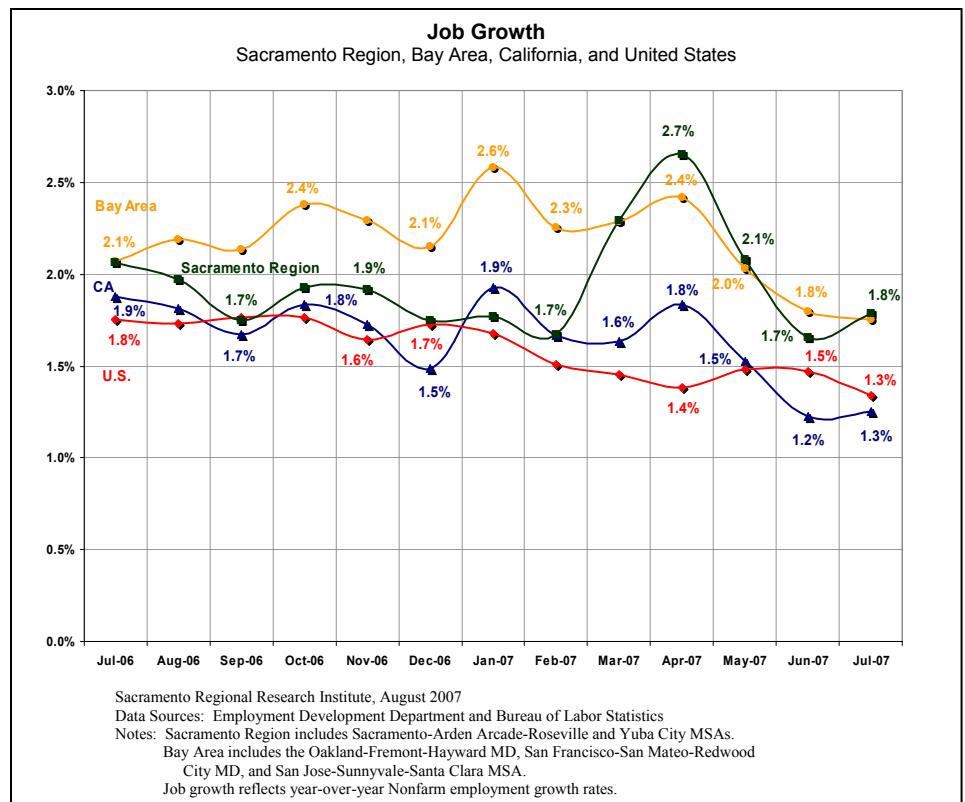


EMPLOYMENT GROWTH IN THE SACRAMENTO REGION, THE BAY AREA, CALIFORNIA, AND THE UNITED STATES

The Sacramento Region's job growth stayed steady in July 2007, but is still reflecting the impacts of housing-related slowdowns.

Job growth in the six-county Sacramento Region leveled-off in July 2007 after decreasing for the past two months. Between July 2006 and 2007, the Region experienced 1.8 percent employment growth with a gain of 16,800 jobs. This growth rate is slightly below the July 2006 point and considerably lower than the recent peak in April 2007 (2.7 percent) due to job losses in housing-related sectors and slowing growth in a handful of other major sectors. The Region stayed on par with the Bay Area's job growth in July 2007 and continued to outpace the state and nation.

The Bay Area also saw job growth hold fairly steady in July 2007. Similar to the previous month, the Bay Area posted 1.8 percent job growth, reflecting an increase of 50,800 jobs over the past 12 months. Although it exceeded the statewide and national average, this job growth is lower than the same time last year and notably below the April 2007 rate (2.4 percent). Housing-related issues have not been as pronounced in the Bay Area; rather, declining growth rates are a result of slowdowns in nearly every major sector with Construction only recently shifting to negative growth.



The state showed a 1.3 percent employment growth rate in July 2007 (with a 12-month gain of 188,000 jobs), around the same level as the previous month. Job growth in the state caught back up to the national average after dipping below the benchmark last month, but still marks some of the lowest growth seen since the summer of 2004. The recent declines in year-over-year employment growth rates are primarily due to continued housing downturns throughout the state.

The nation has also seen the effects of housing issues, continuing the slightly declining trend and posting job growth below all rates since the middle of 2004. During the 12 months ending July 2007, the nation added 1.8 million jobs with a growth rate of 1.3 percent.

The Sacramento Region saw negative growth in housing-related sectors for the second straight month while the Government sector remained the largest job generator in July 2007.

Job gains in the Sacramento Region were led by the Government; Professional & Business Services; and Trade, Transportation, & Utilities sectors, which, combined, added 14,600 jobs between July 2006 and 2007 (accounting for nearly 87 percent of the Region's net gains). For the second month in a row, only two of the Region's sectors lost jobs over a 12-month period—Financial Activities and Construction, both of which are related to housing slowdowns. It is also interesting to note that Manufacturing continued to add jobs on a year-over-year basis following a nine-month period of negative growth that ended only a couple months ago.

Government; Educational & Health Services; and Professional & Business Services were the leading sectors at the statewide level in July 2007, contributing 136,800 jobs in the last year (about 73 percent of the net gain). Job losses in housing-related sectors (Construction and Financial Activities) continued while Information shifted to negative growth.

The Bay Area's employment gains were concentrated in the Professional & Business Services; Educational & Health Services; and Leisure & Hospitality sectors. Together, these three sectors posted a 12-month gain of 34,400 jobs (close to 68 percent of the net increase). The Construction sector shifted to year-over-year job losses last month and was the only sector with negative growth in the Bay Area in July 2007.

Employment Gains and Losses		
Components of Sacramento Region and Bay Area		
Area	July 2006-2007	
	Absolute	Rate
Sacramento Region	16,800	1.8%
Sacramento-Arden Arcade-Roseville MSA	17,100	1.9%
Yuba City MSA	-300	-0.7%
Bay Area	50,800	1.8%
San Francisco-San Mateo-Redwood City Div.	21,900	2.3%
San Jose-Sunnyvale-Santa Clara MSA	17,900	2.0%
Oakland-Fremont-Hayward Div.	11,000	1.1%

Sacramento Regional Research Institute, August 2007
Data Source: Employment Development Department
Note: Gains and losses reflect Nonfarm employment.

Bay Area with an increase of 21,900 jobs between July 2006 and 2007 with a fairly healthy 2.3 percent growth rate. All major sectors posted job gains in this area with Professional & Business Services showing the largest increase. The San Jose-Sunnyvale-Santa Clara MSA (San Benito and Santa Clara Counties) showed an increase of 17,900 jobs, growing at 2.0 percent. The Silicon Valley also posted year-over-year gains in every major sector with Professional & Business Services adding the most jobs in the last year. The Oakland-Fremont-Hayward MD (Alameda and Contra Costa Counties) stayed at the bottom of the list within the Bay Area, posting 1.1 percent job growth and a gain of 11,000 jobs in the past 12 months. The Bay Area's construction jobs losses were concentrated in the East Bay, while the Government sector added the most jobs.

Economy Watch is sponsored by the following businesses who believe in ensuring the prosperity of the Sacramento Region:

DPR Construction, Inc. (www.dprinc.com); Farmers & Merchants Bancorp / F&M Bank (www.fmbonline.com); Franklin Templeton Investor Services, LLC (www.franklintempleton.com); Grubb & Ellis Company (www.grubb-ellis.com); Harbison-Mahony-Higgins Builders, Inc. (www.hmh.com); KCRA TV – Channel 3 / KQCA – Channel 58 (www.thekcrachannel.com); KT Communities (www.ktcommunities.com); McDonough Holland & Allen PC (www.mhalaw.com); Pacific Coast Building Products, Inc. (www.paccoast.com); Panattoni Development Company (www.panattoni.com); Perry-Smith LLP (www.perry-smith.com); Raley's (www.raleys.com); Signature Reprographics (www.signaturerepro.com); Teichert, Inc. (www.teichert.com); The Evergreen Company; The Sacramento Bee (www.sacbee.com); Trainor Fairbrook (www.trainorfairbrook.com); and Wells Fargo Bank (www.wellsfargo.com).

Major Sector Employment Gains and Losses			
Sacramento Region, California, and Bay Area			
Sector	July 2006-2007		
	Sacramento Region	California	Bay Area
Total Nonfarm	16,800	188,000	50,800
Private Sector	9,200	139,300	43,400
Public Sector	7,600	48,700	7,400
Government	7,600	48,700	7,400
Prof. & Business Svcs.	4,200	42,700	15,600
Trade, Trans., & Util.	2,800	27,500	5,500
Edu. & Health Svcs.	2,800	45,400	10,200
Leisure & Hospitality	2,100	39,700	8,600
Other Services	1,300	9,700	1,900
Manufacturing	200	800	3,000
Nat. Res. & Mining	0	400	300
Information	0	-6,000	700
Financial Activities	-1,200	-5,300	400
Construction	-3,000	-15,600	-2,800

Sacramento Regional Research Institute, August 2007
Data Source: Employment Development Department

The Yuba City Metropolitan Statistical Area (MSA—Yuba and Sutter Counties) posted negative job growth for the second month in a row in July 2007—in the past 12 months the area lost 300 jobs with a -0.7 growth rate. Only a few major sectors saw minimal job gains (led by Professional & Business Services) while Financial Activities shed the most jobs during this period. The larger Sacramento-Arden Arcade-Roseville MSA (El Dorado, Placer, Sacramento, and Yolo Counties) posted 1.9 percent job growth with a 17,100 year-over-year employment increase. Government and Professional & Business Services continued to post the greatest job gains in this area during the 12 months ending July 2007.

The San Francisco-San Mateo-Redwood City Metropolitan Division (MD—Marin, San Francisco, and San Mateo Counties) led the way in the